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Alaska Department of Labor Bill Sheffield, Governor, State of Alaska

1 Resident and Nonresident Employment in Alaska

Alaska Economic Trends

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The following notes pertain to Nonagricultural Wage and Salary Employment Tables:

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark date March 1984.

P/ Denotes preliminary estimates.
R/ Denotes revised estimates.

Resident and Nonresident Employment in Alaska

By John Boucher

Introduction

The resident hire issue has recently commanded the attention of policy makers and citizens from all around the State of Alaska. Recent developments on the North Slope as well as in the courtrooms and legislative halls of the state have brought this controversial issue to the forefront once again. Despite this recent attention, the resident hire issue is by no means new on the Alaskan political and economic front. Resident hire and priority employment for Alaska's residents has been an important issue for many Alaskans for quite some time. This article is an attempt to highlight some of the roots of the resident hire issue and the recent developments that have rekindled public interest in the issue. Following that will be a brief explanation of some preliminary work done by Research and Analysis that pertains to resident hire and a passage about what might be expected to develop pertaining to this issue in the near future.

Background of the Resident and Nonresident Hire Issue

The first major attempt by the State of Alaska to enact a policy of preferential hire for Alaska residents dates from the early 1970's just prior to the construction of the Trans-Alaska Pipeline. A 1972 statute under Title 38 chapter 40 provided that the State of Alaska, 'in order to create, protect and preserve the right of Alaska residents to employment,' require private employers involved in any oil and gas activities resulting from leases with the state to first hire and last fire Alaska residents in preference to residents of other states. The intent of the legislation was to insure that local residents received the first chance at employment which resulted from oil and gas leases from the state.

The resident hire preference law under Title 38 was not actively enforced until 1975 when the Alaska Department of Labor began issuing residency cards to qualified individuals based upon their residence in Alaska for one year. After Executive Order 76-1 declared that all private companies cease and desist dis-

patching nonresidents to pipeline construction jobs if there were qualified Alaskans available to work, the first courtroom battle over Alaska hire preference was begun. The ensuing lawsuit over the resident hire law signaled the beginning of many legal battles over the residency issue including the well publicized Permanent Fund dividend case and the current case before the Alaska Supreme Court challenging the resident hire requirements on public construction projects. The law requiring resident hire on state owned oil and gas leases was eventually declared unconstitutional by the U.S. Supreme Court in 1979 in **Hicklin et.al. v. Orbeck,** but it has remained a policy objective of both the legislative and the executive branches of the state government to employ Alaskan residents first wherever possible. This policy objective is the root of Title 36's requirement that state funded construction projects have 95% residents on the job. (Title 36 predates Title 38).

A resident hire preference has not only been a concern of the government of the State of Alaska, but it has also received strong support from the state's unions. Prior to construction of the pipeline, union locals, led by prominent labor leader and Teamsters Local 959 chief Jesse Carr, refused to sign labor agreements with the oil companies participating in the construction of the Trans-Alaska pipeline until the companies adopted provisions guaranteeing the preferential hire of Alaskan union members. The concern of the unions was that the oil companies were planning to use a great deal of imported labor from the lower 48; among other items. The labor agreement that covered the pipeline construction period was followed by a new five-year agreement in 1980 between seventeen Alaska unions, ARCO Alaska and Sohio Construction company. The agreement, which extends to 1985, provides that most of the construction work at Prudhoe Bay and Kuparuk during this period would be performed by union labor. With the recent decline in oil prices, however, unions have lost the leverage that they had several years ago. The labor agreement in effect for the last five years will not be renewed according to Sohio and ARCO, and some construction not covered by the agreement has already been awarded to non-union contractors on a job by job basis known as 'merit' contracting. The expiration of existing contracts has been a matter of great concern to union leaders as 1986 and 1987 are scheduled to be the biggest construction seasons on the North Slope and they believe merit contracting will cause a massive influx of transient non-union workers from the lower 48.

Recent Legislative Developments

The first session of the Fourteenth Alaska Legislature focused attention on the resident hire issue in the form of an amendment to Title 36 of the Alaska Statutes, which is commonly referred to as Alaska's Resident Hire Law. This amendment was intended to clarify the legislative intent underlying the resident hire law in light of a Superior Court ruling striking down as unconstitutional the requirement that state funded construction projects employ 95% Alaska residents (90% if the payroll is 10 or less) if Alaskans are qualified and available to work. (Under a stay granted by the Alaska Supreme Court, Title 36 was enforced until July 1985.)

Efforts to insure that Alaskans are hired first have not been limited to policy makers at the state level. U.S. Senator Frank Murkowski recently sponsored an amendment to a defense appropriation bill which requires resident hire preference on military construction projects in all states not contiguous to one another that have unemployment rates above the national average, an amendment which no other state stands to benefit from unless Hawaii's unemployment rate should climb. In short, Alaska's higher than average unemployment rate, combined with a work force that is extremely seasonal in nature has made any employment that can be controlled through public policy or organized political pressure a target for resident hire. The primary focus of public policy has been in the oil and gas and construction industries, where, not coincidentally, the highest average wages in Alaska exist.

Exploring Resident and Nonresident Employment

Although the issue of resident hire in Alaska has been debated for many years, there has been little statistical information compiled on the economic effects of resident and nonresident employment. Even percentages of industry employment that is nonresident is hard to come by. During the construction of the Trans-Alaska pipeline employers were required to report resident and nonresident employment: this data, however, was limited to the pipeline construction firms only and its compilation was eventually discontinued.

During the 1985 Legislative Session, the Alaska Department of Labor Research and Analysis section did a preliminary study

of resident and nonresident employment. The result of this study was a computer cross-match of the social security numbers of individuals who worked at any time in 1984 under the coverage of Alaska's unemployment insurance, with the social security numbers of the 1984 Permanent Fund dividend recipients. By doing this cross-match it can be determined how many of Alaska's wage and salary employees (excluding federal government employment, most fish harvesters, and the self-employed) received Permanent Fund dividends. Since the receipt of the 1984 dividend required residence in Alaska during the period from October 1, 1983 until March 31, 1984, the resulting match gives a good baseline from which to calculate resident employment.

However, a match against the Permanent Fund dividend recipient file will not provide a perfect definition of resident employment since there are many people who arrived in Alaska during the 15 month period from October 1, 1983 to December 31, 1984 who became residents of the state subsequent to the cutoff for eligibility for the dividend. Analysis of Internal Revenue Service migration data has further indicated that 12.9% of Alaskans who filed federal income tax returns for 1983 were not residents of Alaska in 1982. This percentage compares to a rate of 14.1% for the previous year. Extrapolating the two migration rates to cover the 15 month period of October 1983-December 1984 would indicate that approximately 16% to 18% of the wage earners would be new residents not qualified to receive the dividend. In addition, an undetermined number of persons who qualified for the dividend would have not applied for the dividend for one reason or another. If this amounted to no more than 2% of the population, combining the two factors of in-migration and failure to file would result in an initial adjustment of nearly 20%. One other factor to be noted here is that migration data is not available by industry and it is probable that employees in any one industry would migrate at a rate significantly different from this 20% adjustment. For example, government employment would be expected to have a much lower migration rate than an industry where employment is more transient such as construction or seafood processing.

The cross-match was designed to group employees by industry and by geographical area but in a different manner than the normal industry and area sorting procedures used by the

Research and Analysis section. In the cross-match, the activity being performed by an employer is considered but not whether the activity is actually owned by the public or private sector. For example, in the normal industry breakdown used by Research and Analysis, an activity such as the Alaska Railroad or the University of Alaska is considered state government employment. In the cross-match, however, these activities fall under the industry activity in which they participate as state owned entities. The Alaska Railroad, therefore, would be counted under transportation employment, not government employment as it normally would be. In most cases this would result in very small adjustments to the industry resident/nonresident employment figures, most likely tending to hold that industry's nonresident employee numbers to a slightly lower percentage than would be otherwise found. The one industry which is highly affected by this adjustment is services, because both local education and state education employment are coded as services employment in the cross-match. This tends to bias services employment toward resident employment much more than if services were looked at without the education employment included.

The matching of employment to the labor market areas that Research and Analysis normally uses (e.g. Gulf Coast and Interior) is also subject to certain limitations that normally do not occur. For example under the normal breakdown of employment by area, if a firm reports several offices throughout the state the employment will be allocated to the different labor market areas. However, the cross-match was not able to separate a firm's employment into the different labor market areas as is normally done. Instead, the labor market area of the firm's largest office would receive all of the firm's employment. The net effect is that the larger cities where main offices tend to be located will have their employment overstated at the expense of cities where smaller branch offices are located. This would impact the individual regions differently, depending on what types of industries are being counted in other regions, but it would not affect the statewide resident/nonresident employment or wage figures.

These two limitations resulted from working with the Unemployment Insurance tax file rather than the ES-202 file from which employment numbers are normally derived. Since this was the first time such a cross-match was attempted, there could be

other difficulties or adjustment factors that have yet to be uncovered. Accordingly, these figures must be considered very preliminary at this time until further research can be conducted on this subject. Due to the limitations of the data, at this point we're going to introduce a change in terminology that better defines the information complied below. Instead of referring to 'resident' and 'nonresident' employment we will call this 'recipient' and 'nonrecipient' employment, keeping in mind the relationship of the data to an employees resident or nonresident status.

Table 1
U.I. Total Covered Wages by 1984 Permanent Fund Recipients and Nonrecipients, by Statewide Industry

Industry Cluster by Standard Industrial Classification (SIC)	January-March				April-June			
	Recipients Wages	%	Nonrecip Wages	%	Recipients Wages	%	Nonrecip Wages	%
Mining	98.894.495	78%	27.167.143	22%	95.593.729	77%	28.089.377	23%
Oil & Gas	94.333.364	79%	25.750.432	21%	90.548.591	78%	26.280.812	22%
Other Mining	4.561.131	76%	1.416.711	24%	5.045.138	74%	1.808.565	26%
Construction	145.334.581	62%	87.444.070	38%	148.088.799	66%	74.825.680	34%
Manufacturing	38.862.771	73%	14.125.418	27%	46.576.026	70%	20.282.734	30%
Food & Kindred Products	7.456.601	51%	7.147.176	49%	10.303.152	46%	12.049.149	54%
Logging and Lumber	7.777.737	69%	3.438.663	31%	9.878.494	69%	4.440.411	31%
Other Manufacturing	23.628.433	87%	3.539.577	13%	26.394.380	87%	3.793.174	13%
Trans., Comm. & Utilities	137.402.938	82%	29.955.636	18%	140.832.545	83%	29.847.189	17%
Transportation	77.732.283	80%	19.218.953	20%	82.830.116	81%	19.907.617	19%
Communications & Utilities	59.670.655	85%	10.736.683	15%	58.002.429	85%	9.939.572	15%
Trade	171.602.978	83%	35.790.194	17%	170.389.166	82%	38.666.494	18%
Wholesale	52.487.932	85%	9.011.987	15%	53.425.413	84%	9.942.239	16%
Retail	119.115.046	82%	26.778.207	18%	116.963.753	80%	28.724.255	20%
Eating & Drinking Places	26.717.551	74%	9.610.775	26%	27.033.181	71%	11.003.996	29%
Other Retail	92.397.495	84%	17.167.432	16%	89.930.572	84%	17.720.259	16%
Finance, Ins. & Real Estate	61.482.041	87%	9.557.771	13%	60.091.427	86%	9.951.224	14%
Services & Unclassified	314.103.664	85%	56.036.219	15%	343.199.862	85%	61.789.631	15%
Hotels	10.867.526	78%	3.136.530	22%	11.437.248	76%	3.545.204	24%
Business Services	33.922.252	72%	13.065.399	28%	33.265.768	72%	12.801.302	28%
Health	44.289.632	87%	6.631.254	13%	46.540.820	85%	8.162.568	15%
Education	135.473.112	92%	11.271.196	8%	162.491.349	93%	12.409.920	7%
Other Svcs. & Unclassified	123.473.394	78%	34.997.239	22%	122.730.445	77%	37.671.939	23%
Public Administration	177.287.055	92%	15.111.040	8%	189.056.613	92%	16.026.878	8%
Agriculture	2.104.403	78%	600.427	22%	2.725.648	70%	1.191.657	30%
Total	1.147.074.926	81%	275.787.918	19%	1.196.553.815	81%	280.670.864	19%

Source: Alaska Department of Labor, Research and Analysis Section

Note: Data differs from industry groupings commonly published by this Department. Time did not permit the isolation of government from other industries. For example, education contains state, local, and private education.

Employee count, as shown, will always be higher than an employment count. For example, if 6 different people each worked 2 months the employee count would = 6, but the annual average employment would = 1.

Total 1984 employees is an unduplicated count of people, using their social security number, and counts them once by their last industry worked. Wages are allocated to the last industry worked in each quarter. Some distortion, though usually small, can occur in the average wages due to employees moving from one industry to another.

Federal employees are not included in this data source.

Highlights from the Cross-match

During the five quarters that were covered by the cross-match, Statewide nonrecipient employment ranged from a low of 24.2% during the first quarter of 1984 to a high of 30.4% during the 4th quarter of 1984. In a separate match of all quarters in 1984 to the dividend file, 36% of all the employees on Alaska's Unemployment Insurance tax files did not receive a Permanent Fund dividend. While 36% of all employment in 1984 consisted of nonrecipients the wages paid to nonrecipients during the same period did not result in as high a percentage as the employment

July-September				October-December				Total 1984			
Recipients Wages	%	Nonrecip Wages	%	Recipients Wages	%	Nonrecip Wages	%	Recipients Wages	%	Nonrecip Wages	%
102,316,442	75%	34,649,181	25%	105,217,464	73%	38,863,145	27%	402,022,130	76%	128,768,846	24%
96,186,328	76%	30,682,190	24%	99,696,043	74%	35,805,242	26%	380,764,326	76%	118,518,676	24%
6,130,114	61%	3,966,991	39%	5,521,421	64%	3,057,903	36%	21,257,804	67%	10,250,170	33%
173,211,870	65%	92,113,362	35%	143,724,684	65%	76,875,758	35%	610,359,934	65%	331,258,870	35%
53,934,816	49%	56,084,559	51%	44,036,122	48%	47,063,812	52%	183,409,735	57%	137,556,523	43%
18,640,257	29%	44,873,460	71%	12,233,622	25%	36,666,301	75%	48,633,632	33%	100,735,088	67%
10,673,170	63%	6,207,336	37%	9,070,931	64%	5,193,496	36%	37,400,332	66%	19,279,906	34%
24,621,389	83%	5,003,763	17%	22,731,569	81%	5,205,015	19%	97,375,771	85%	17,541,529	15%
150,172,652	81%	36,098,370	19%	143,378,626	81%	33,649,696	19%	571,786,761	82%	129,550,891	18%
85,834,897	78%	24,353,521	22%	83,099,521	79%	22,332,326	21%	329,496,817	79%	85,812,417	21%
64,337,755	85%	11,744,849	15%	60,279,105	84%	11,317,370	16%	242,289,044	85%	43,738,474	15%
178,391,947	78%	49,597,030	22%	175,429,117	77%	53,350,617	23%	695,813,238	80%	177,404,335	20%
55,370,940	81%	12,866,023	19%	54,816,822	80%	13,536,547	20%	216,101,107	83%	45,356,796	17%
123,021,007	77%	36,731,007	23%	120,612,295	75%	39,814,070	25%	479,712,101	78%	132,047,539	22%
28,389,922	66%	14,441,570	34%	27,426,298	65%	14,640,583	35%	109,566,952	69%	49,696,924	31%
94,631,085	81%	22,289,437	19%	93,185,997	79%	25,173,487	21%	370,145,149	82%	82,350,615	18%
60,894,231	84%	11,955,716	16%	61,214,350	82%	13,625,447	18%	243,682,049	84%	45,090,158	16%
287,682,640	80%	72,874,180	20%	327,521,247	81%	79,127,202	19%	1,272,507,413	83%	269,827,232	17%
12,669,334	69%	5,763,580	31%	11,623,153	69%	5,158,332	31%	46,597,261	73%	17,603,646	27%
32,000,608	71%	13,119,656	29%	32,654,116	70%	13,750,086	30%	131,842,744	71%	52,736,443	29%
45,326,043	82%	10,014,660	18%	45,031,131	80%	10,959,018	20%	181,187,626	84%	35,767,500	16%
101,039,207	89%	12,000,773	11%	142,110,749	89%	17,203,204	11%	541,114,417	91%	52,885,093	9%
128,648,056	74%	45,095,167	26%	128,756,214	74%	45,806,648	26%	503,608,109	75%	163,570,993	25%
199,452,055	91%	20,048,956	9%	199,748,192	91%	19,631,386	9%	765,543,915	92%	70,818,260	8%
3,273,896	62%	2,016,111	38%	2,842,568	62%	1,724,445	38%	10,946,515	66%	5,532,640	34%
1,209,330,549	76%	375,437,465	24%	1,203,112,370	77%	363,911,508	23%	4,756,071,660	79%	1,295,807,755	21%

did. Wages paid to nonrecipients amounted to no more than 24% of the total during any quarter in 1984, and the average for the entire year was 21%. This was evident in the average wage of nonrecipients which was 48% of that of the average for recipients of the dividend.

In terms of industry grouping, the range of nonrecipient employment varied widely from the 36% average. Industries at the lower end of the scale were public administration and education with 14% and 17% nonrecipients, respectively. This is to be expected as residents often have the first opportunity at jobs with state and local governments and school districts. Also, this type of employment is not subject to the instability that other industries experience, which would tend to make the nonrecipient ratio much lower than the average. Of the major industry groups besides government, finance, insurance and real estate (F.I.R.E.) had the next lowest number of nonrecipients at

Table 2
1984 U.I. Covered Employees by 1984 Permanent Fund Recipients and Nonrecipients, by Statewide Industry

Industry Cluster by Standard Industrial Classification (SIC)	January-March				April-June			
	# Recipients	%	# Nonrecip	%	# Recipients	%	# Nonrecip	%
Mining	7,529	73%	2,720	27%	7,906	72%	3,103	28%
Oil & Gas	7,024	74%	2,480	26%	7,310	73%	2,760	27%
Other Mining	505	68%	240	32%	596	63%	343	37%
Construction	22,156	64%	12,295	36%	21,625	65%	11,601	35%
Manufacturing	7,947	58%	5,804	42%	9,138	54%	7,889	46%
Food& Kindred Products	2,750	40%	4,106	60%	3,772	39%	5,968	61%
Logging & Lumber	1,458	64%	819	36%	1,475	62%	906	38%
Other Manufacturing	3,739	81%	879	19%	3,891	79%	1,015	21%
Trans., Comm & Utilities	17,937	79%	4,808	21%	18,635	78%	5,217	22%
Transportation	11,706	77%	3,514	23%	12,309	76%	3,985	24%
Communications & Utilities	6,231	83%	1,294	17%	6,326	84%	1,232	16%
Trade	42,575	73%	15,680	27%	43,720	71%	18,025	29%
Wholesale	7,728	81%	1,866	19%	8,057	78%	2,222	22%
Retail	34,847	72%	13,814	28%	35,663	69%	15,803	31%
Eating & Drinking Places	11,814	63%	6,921	37%	12,199	60%	8,126	40%
Other Retail	23,033	77%	6,893	23%	23,464	75%	7,677	25%
Finance, Ins. & Real Estate	10,933	82%	2,348	18%	11,120	81%	2,672	19%
Services & Unclassified	59,472	80%	15,166	20%	60,344	78%	17,089	22%
Hotels	4,202	70%	1,769	30%	4,679	67%	2,333	33%
Business Services	7,521	68%	3,557	32%	7,452	66%	3,764	34%
Health	7,893	84%	1,492	16%	7,965	82%	1,718	18%
Education	20,997	89%	2,501	11%	20,631	90%	2,408	10%
Other Svcs. & Unclassified	26,380	74%	9,404	26%	27,069	72%	10,600	28%
Public Administration	24,192	90%	2,896	10%	25,237	90%	2,743	10%
Agriculture	542	72%	207	28%	789	62%	475	38%
Total	193,283	76%	61,624	24%	198,514	74%	68,784	26%

Source: Alaska Department of Labor, Research and Analysis Section

See footnotes page 6

26% and then came transportation, communications and utilities at 29%. The relatively low number of nonrecipients in F.I.R.E. is somewhat difficult to assess; the presence of Native corporations within this sector, however, would account for a portion of the high percentage of recipient employment. Other occupations such as the middle and upper management in the banking and finance industry would lend themselves to high ratios of recipient employment, however, at the entry levels of this industry such as tellers, turnover would expected to be fairly high and nonrecipient employment would also be high. Transportation, communications and utilities has a lower nonrecipient ratio because of the high ratio of recipients employed by utilities such as Alascom and municipally owned utilities. Air carriers that are based in Alaska also contributed a high number of recipients to the total.

On the other end of the scale are industries that are highly

July-September				October-December				Total 1984			
# Recipients	%	# Nonrecip	%	# Recipients	%	# Nonrecip	%	# Recipients	%	# Nonrecip	%
7,915	69%	3,531	31%	7,810	69%	3,436	31%	8,136	64%	4,600	36%
7,232	71%	3,018	29%	7,156	71%	2,942	29%	7,464	65%	3,981	35%
883	57%	513	43%	684	57%	494	43%	672	52%	619	48%
23,292	62%	14,247	38%	22,339	62%	13,447	38%	26,688	55%	21,905	45%
11,408	42%	15,831	58%	10,056	40%	14,774	60%	11,126	37%	18,808	63%
5,843	31%	13,299	69%	4,721	28%	12,230	72%	5,139	25%	15,301	75%
1,615	57%	1,202	43%	1,502	58%	1,083	42%	1,688	52%	1,582	48%
3,950	75%	1,330	25%	3,833	72%	1,461	28%	4,299	69%	1,925	31%
19,193	76%	5,921	24%	18,890	76%	5,897	24%	20,029	71%	8,319	29%
12,784	74%	4,518	26%	12,544	74%	4,495	26%	13,324	68%	6,373	32%
6,409	82%	1,403	18%	6,348	82%	1,402	18%	6,705	78%	1,946	22%
44,092	66%	22,248	34%	42,873	65%	22,731	35%	52,418	60%	34,429	40%
8,162	74%	2,820	26%	7,843	74%	2,759	26%	8,764	69%	3,865	31%
35,930	65%	19,428	35%	35,030	64%	19,972	36%	43,654	59%	30,564	41%
12,258	55%	10,135	45%	11,616	54%	10,021	46%	15,511	49%	16,002	51%
23,672	72%	9,293	28%	23,414	70%	9,951	30%	28,143	66%	14,562	34%
11,422	78%	3,191	22%	10,965	77%	3,271	23%	12,520	74%	4,509	26%
60,892	74%	21,344	26%	60,291	74%	21,714	26%	70,445	69%	31,666	31%
4,869	61%	3,072	39%	4,431	61%	2,871	39%	5,434	56%	4,208	44%
7,049	62%	4,412	38%	7,091	61%	4,597	39%	9,144	56%	7,055	44%
8,129	79%	2,107	21%	7,942	78%	2,180	22%	8,700	74%	2,985	26%
20,039	87%	3,108	13%	20,656	86%	3,454	14%	23,396	83%	4,707	17%
27,855	68%	13,057	32%	27,262	67%	13,209	33%	32,915	62%	19,766	38%
27,270	89%	3,366	11%	27,238	89%	3,435	11%	27,770	86%	4,372	14%
900	57%	672	43%	760	57%	564	43%	875	52%	798	48%
206,384	70%	90,351	30%	201,222	69%	89,269	31%	230,007	64%	129,406	36%

seasonal and subject to transient employment. Food and kindred products employment, which consists of over 90% seafood processing employment, had the highest percentage of nonrecipients employed during 1984 at 75% of the total number of employees. Food and kindred products was nearly 50% higher than the next industry, eating and drinking establishments, which employed 51% nonrecipients during 1984. It is interesting to note, however, that in terms of total wages paid to nonrecipients during 1984, the construction industry easily outdistanced all others paying out over $331.2 million to nonrecipients in 1984. Food and kindred products paid $100.7 million to nonrecipient employees but that amount was 67% of the total wages paid in that industry. Second and third behind construction in terms of total wages paid to nonrecipients were services and trade with $269.8 million and $177.4 million, respectively. Both of these industries were below the average for the state in terms of percentage of total wages paid to nonrecipients, serv-

Table 3
1984 U.I. Average Covered Wages by 1984 Permanent Fund Recipients and Nonrecipients, by Statewide Industry

Industry Cluster by Standard Industrial Classification (SIC)	January-March			April-June		
	Recipients Av Wages	Nonrecip Av Wages	% Recip	Recipients Av Wages	Nonrecip Av Wages	% Recip
Mining	13,135	9,988	76%	12,091	9,052	75%
Oil & Gas	13,430	10,383	77%	12,387	9,522	77%
Other Mining	9,032	5,903	65%	8,465	5,273	62%
Construction	6,560	7,112	108%	6,848	6,450	94%
Manufacturing	4,890	2,434	50%	5,097	2,571	50%
Food & Kindred Products	2,711	1,741	64%	2,731	2,019	74%
Logging and Lumber	5,335	4,199	79%	6,697	4,901	73%
Other Manufacturing	6,319	4,027	64%	6,763	3,737	55%
Transportation, Comm. & Utilities	7,660	6,230	81%	7,557	5,721	76%
Transportation	6,640	5,469	82%	6,729	4,996	74%
Communications & Utilities	9,576	8,297	87%	9,169	8,068	88%
Trade	4,031	2,283	57%	3,897	2,145	55%
Wholesale	6,792	4,830	71%	6,631	4,474	67%
Retail	3,418	1,938	57%	3,280	1,818	55%
Eating & Drinking Places	2,262	1,389	61%	2,216	1,354	61%
Other Retail	4,012	2,491	62%	3,833	2,308	60%
Finance, Insurance & Real Estate	5,624	4,071	72%	5,404	3,724	69%
Services & Unclassified	5,282	3,695	70%	5,687	3,622	64%
Hotels	2,586	1,773	69%	2,444	1,520	62%
Business Services	4,510	3,673	81%	4,464	3,401	76%
Health	5,611	4,445	79%	5,843	4,751	81%
Education	6,452	4,507	70%	7,876	5,154	65%
Other Services & Unclassified	4,681	3,722	80%	4,534	3,554	78%
Public Administration	7,328	5,821	79%	7,491	5,843	78%
Agriculture	3,883	2,901	75%	3,455	2,509	73%
Total	5,935	4,475	75%	6,029	4,080	68%

Source: Alaska Department of Labor, Research and Analysis Section

See footnotes page 9

ices at 17% and trade at 20%. Even if services is adjusted by taking all education employment out, the percentage rises to only 1% above the statewide average to 22%.

In terms of the labor market areas of the state, it is not surprising to find that the regions more dependent upon the seafood processing industry have the higher ratios of nonrecipient employment. The Southwest region employed 47% nonrecipients during 1984 and the Gulf Coast employed 42% nonrecipients. The five census areas that employed over 50% nonrecipients are all communities or areas known for their strong fishing industries. They were: Aleutian Islands (73% nonrecipients), Bristol Bay Borough (63%), Dillingham (53%), Wrangell-Petersburg (52%), and Kodiak Island (50%).

The Southeast region, mainly because of the government em-

July-September			October-December			Total 1984		
Recipients Av Wages	Nonrecip Av Wages	% Recip	Recipients Av Wages	Nonrecip Av Wages	% Recip	Recipients Av Wages	Nonrecip Av Wages	Recip
12,927	9,813	76%	13,472	11,311	84%	49,413	27,993	57%
13,300	10,166	76%	13,952	12,170	87%	51,013	29,771	58%
8,975	7,733	86%	8,443	6,190	73%	31,634	16,559	52%
7,437	6,465	87%	6,434	5,717	89%	22,470	15,123	66%
4,728	3,543	75%	4,379	3,186	73%	16,485	7,314	44%
3,190	3,374	106%	2,591	2,998	116%	9,464	6,564	70%
6,609	5,164	78%	6,039	4,795	79%	22,157	12,187	55%
6,233	3,762	60%	5,930	3,563	60%	22,651	9,112	40%
7,824	6,097	78%	7,590	5,706	75%	28,548	15,973	56%
6,714	5,390	80%	6,625	4,969	75%	24,730	13,465	54%
10,039	8,371	83%	9,499	8,072	85%	36,136	22,478	62%
4,046	2,229	55%	4,092	2,347	57%	13,274	5,153	39%
6,784	4,562	67%	6,989	4,906	70%	24,658	11,735	48%
3,424	1,891	55%	3,443	1,993	58%	10,989	4,320	39%
2,316	1,425	62%	2,361	1,461	62%	7,064	3,106	44%
3,998	2,399	60%	3,980	2,530	64%	13,152	5,655	43%
5,331	3,747	70%	5,563	4,166	75%	19,463	10,000	51%
4,724	3,414	72%	5,432	3,644	67%	18,064	8,521	47%
2,602	1,826	72%	2,623	1,797	68%	8,575	4,183	49%
4,540	2,974	66%	4,605	2,991	65%	14,418	7,475	52%
5,576	4,753	85%	5,670	5,027	89%	20,826	11,982	58%
5,042	3,861	77%	6,680	4,961	74%	23,129	11,235	49%
4,618	3,484	75%	4,723	3,468	73%	15,300	8,275	54%
7,314	5,956	81%	7,333	5,715	78%	27,567	16,196	59%
3,638	3,000	82%	3,740	3,058	82%	12,510	6,933	55%
5,860	4,165	71%	5,979	4,077	68%	20,678	10,014	48%

ployment in Juneau and the health services employment in Sitka, had the State's lowest level of nonrecipient employment at 30%. The Wade-Hampton and the Kobuk census divisions had the lowest nonrecipient totals with 17% and 21% nonrecipients, respectively. This is probably due to the scarcity of wage and salary employment that is covered by UI in these two areas. Since opportunity is scarce in these areas, residents would have a much better chance at the employment. Juneau had the lowest ratio of nonrecipients among the major population centers with 22% nonrecipients. Anchorage and Fairbanks both came in at 35% nonrecipient and Kenai had 36% nonrecipients.

Table 4
U.I. Total Covered Wages by 1984 Permanent Fund Recipients and Nonrecipients, by Economic Region and Census Area

	January-March				April-June			
	Recipients Wages	%	Nonrecip Wages	%	Recipients Wages	%	Nonrecip Wages	%
Alaska Statewide	1,146,900,808	81%	275,680,398	19%	1,196,477,906	81%	280,637,271	19%
Anchorage-Mat-Su Region	575,273,453	83%	115,026,198	17%	601,663,715	83%	122,586,939	17%
Anchorage Borough	551,780,985	83%	111,296,025	17%	573,390,188	83%	117,897,482	17%
Mat-Su Borough	23,992,468	87%	3,730,173	13%	28,273,527	86%	4,689,457	14%
Gulf Coast Region	74,019,058	80%	18,172,521	20%	80,950,488	79%	21,033,381	21%
Kenai Peninsula Borough	49,034,458	82%	10,432,505	18%	54,753,898	81%	12,441,811	19%
Kodiak Island Borough	14,950,659	72%	5,826,608	28%	14,829,110	71%	6,078,908	29%
Valdez-Cordova	10,033,941	84%	1,913,408	16%	11,367,480	82%	2,512,662	18%
Interior Region	153,975,204	81%	36,381,049	19%	163,387,788	82%	36,268,531	18%
Fairbanks North Star Bor	137,462,499	81%	32,047,594	19%	146,027,953	82%	32,364,201	18%
Southeast Fairbanks	2,743,402	86%	445,810	14%	2,841,879	85%	506,475	15%
Yukon-Koyukuk	13,774,303	80%	3,387,645	20%	14,517,956	81%	3,397,856	19%
Northern Region	98,544,637	62%	61,325,979	38%	94,127,493	65%	51,378,995	35%
Kobuk	6,829,949	81%	1,571,061	19%	7,252,077	82%	1,627,224	18%
Nome	8,934,698	84%	1,753,240	16%	9,019,195	83%	1,902,673	17%
North Slope Borough	82,730,990	59%	58,001,678	41%	77,856,221	62%	47,849,098	38%
Southeast Region	202,851,159	88%	27,691,029	12%	212,605,506	87%	31,470,777	13%
Haines Borough	2,509,150	79%	683,339	21%	3,161,786	76%	991,507	24%
Juneau Borough	142,972,719	91%	14,210,667	9%	147,755,176	91%	14,907,767	9%
Ketchikan Gateway Bor	25,229,533	84%	4,843,680	16%	26,758,007	83%	5,638,382	17%
Prince of Wales-Outer Ketchikan	5,581,943	76%	1,727,299	24%	6,823,387	73%	2,462,498	27%
Sitka Borough	13,902,195	87%	2,042,213	13%	13,738,516	87%	2,119,382	13%
Skagway-Yakutat-Angoon	3,902,498	72%	1,547,638	28%	4,840,219	67%	2,376,742	33%
Wrangell-Petersburg	8,753,121	77%	2,636,193	23%	9,528,215	76%	2,974,499	24%
Southwest Region	33,695,049	74%	11,334,270	26%	34,722,363	73%	12,890,366	27%
Aleutian Islands	6,239,078	54%	5,312,249	46%	6,866,318	53%	6,016,767	47%
Bethel	14,804,763	82%	3,168,160	18%	16,146,625	83%	3,232,074	17%
Bristol Bay Borough	2,289,232	77%	694,281	23%	2,577,226	73%	954,409	27%
Dillingham	5,927,109	74%	2,123,450	26%	5,501,274	71%	2,224,031	29%
Wade Hampton	4,424,867	89%	536,130	11%	3,630,920	89%	463,085	11%
Geographic Area Unknown	8,049,248	61%	5,249,352	39%	9,020,553	64%	5,008,282	36%

Source: Department of Labor Research and Analysis Section

Summary

While this data is preliminary, it does give some very good indications of the extent to which nonresidents impact the Alaskan economy and which industries and areas are most affected. It is up to the state's policy makers to decide whether or not nonresidents are adversely impacting the Alaskan economy by taking too large a share of total employment and wages from the state's residents. Determining how much nonresident employment is acceptable will be difficult because each industry has its own employment peculiarities. Each industry must be ana-

July-September				October-December				Total 1984			
Recipients Wages	%	Nonrecip Wages	%	Recipients Wages	%	Nonrecip Wages	%	Recipients Wages	%	Nonrecip Wages	%
1,209,231,399	76%	374,994,806	24%	1,203,026,621	77%	363,867,258	23%	4,755,636,734	79%	1,295,179,733	21%
598,051,672	80%	153,208,686	20%	604,601,661	79%	159,077,623	21%	2,380,090,501	81%	549,899,446	19%
572,021,131	80%	146,545,318	20%	576,629,094	79%	152,129,388	21%	2,273,821,398	81%	527,868,213	19%
26,030,541	80%	6,663,368	20%	27,972,567	80%	6,948,235	20%	106,269,103	83%	22,031,233	17%
82,632,994	71%	33,718,222	29%	83,747,499	73%	30,948,431	27%	321,350,039	76%	103,872,555	24%
55,096,156	75%	18,587,308	25%	58,282,612	76%	18,440,481	24%	217,166,124	78%	59,902,105	22%
15,961,992	63%	9,525,739	37%	14,030,488	63%	8,348,436	37%	59,772,249	67%	29,279,691	33%
11,575,846	67%	5,605,175	33%	11,434,399	73%	4,159,514	27%	44,411,666	76%	14,190,759	24%
176,476,127	78%	49,342,507	22%	163,149,865	78%	46,144,083	22%	656,991,984	80%	168,136,170	20%
158,765,267	78%	44,278,975	22%	145,625,839	78%	41,356,261	22%	587,879,358	80%	150,547,031	20%
2,886,194	79%	751,554	21%	3,233,658	78%	894,099	22%	11,705,133	82%	2,597,938	18%
14,824,666	77%	4,311,978	23%	14,290,568	79%	3,893,723	21%	57,407,493	79%	14,991,201	21%
88,715,219	64%	50,591,761	36%	93,793,227	66%	48,746,283	34%	375,180,576	64%	212,043,018	36%
6,827,100	76%	2,119,673	24%	7,892,047	80%	2,024,461	20%	28,850,173	80%	7,342,419	20%
9,125,900	72%	3,567,264	28%	10,010,890	75%	3,367,259	25%	37,090,683	78%	10,590,436	22%
72,762,219	62%	44,904,824	38%	75,890,290	64%	43,354,563	36%	309,239,720	61%	194,110,163	39%
218,198,447	83%	44,188,423	17%	210,695,294	85%	38,053,817	15%	844,350,406	86%	141,404,046	14%
3,065,870	72%	1,202,185	28%	2,645,580	76%	842,817	24%	11,382,386	75%	3,719,848	25%
154,286,895	90%	17,793,766	10%	149,916,814	90%	17,463,636	10%	594,931,604	90%	64,375,836	10%
23,952,648	76%	7,427,349	24%	24,141,206	79%	6,368,164	21%	100,081,394	80%	24,277,575	20%
7,820,512	66%	3,914,457	34%	6,612,490	66%	3,375,503	34%	26,538,532	70%	11,479,757	30%
14,317,303	82%	3,238,393	18%	13,870,909	83%	2,887,401	17%	55,828,923	84%	10,287,389	16%
4,534,613	54%	3,807,778	46%	4,314,857	59%	3,046,517	41%	17,592,187	62%	10,778,675	38%
10,520,606	61%	6,804,495	39%	9,193,438	69%	4,069,779	31%	37,995,380	70%	16,484,966	30%
33,712,650	51%	32,586,439	49%	37,105,175	54%	31,253,172	46%	139,225,237	61%	88,564,247	39%
7,531,819	35%	13,919,729	65%	6,999,884	35%	13,288,758	65%	27,637,099	42%	38,537,503	58%
13,363,893	76%	4,224,705	24%	15,500,419	79%	4,094,563	21%	59,815,700	80%	14,719,502	20%
2,940,150	34%	5,669,178	66%	2,865,893	35%	5,368,071	65%	10,672,501	46%	12,685,939	54%
5,676,749	41%	8,098,727	59%	6,395,168	45%	7,710,681	55%	23,500,300	54%	20,156,889	46%
4,200,039	86%	674,100	14%	5,343,811	87%	791,099	13%	17,599,637	88%	2,464,414	12%
11,444,290	50%	11,358,768	50%	9,933,900	51%	9,643,849	49%	38,447,991	55%	31,260,251	45%

lyzed to determine if Alaska's labor force can meet that industry's needs. Some industries provide stable employment throughout the year while others can not. Some industries have hazardous working conditions while others do not. Some industries can pay higher wages to their employees due to market conditions while others must pay a lower wage. Some Alaska industries operate in remote locations while others are in the populated areas. All of these factors combine to effect the size of both the resident and nonresident labor force that is available to any industry that operates in Alaska.

Table 5
1984 U.I. Covered Employees by 1984 Permanent Fund Recipients and Nonrecipients, by Economic Region and Census Area

	1st Quarter				2nd Quarter			
	Recipients	%	Nonrecip	%	Recipients	%	Nonrecip	%
Alaska Statewide	193,213	76%	61,582	24%	198,449	74%	68,760	26%
Anchorage-MatSu Region	98,441	76%	30,515	24%	100,816	75%	33,758	25%
Anchorage Borough	93,235	76%	29,233	24%	95,261	75%	32,200	25%
MatSu Borough	5,206	80%	1,282	20%	5,555	78%	1,558	22%
Gulf Coast Region	14,462	75%	4,813	25%	15,379	70%	6,491	30%
Kenai Peninsula Borough*	8,833	80%	2,190	20%	9,541	74%	3,324	26%
Kodiak Island Borough	3,399	67%	1,654	33%	3,468	62%	2,101	38%
Valdez-Cordova	2,230	70%	969	30%	2,370	69%	1,066	31%
Interior Region	25,812	77%	7,736	23%	26,291	75%	8,595	25%
Fairbanks North Star Bor	22,448	76%	6,957	24%	22,824	75%	7,680	25%
Southeast Fairbanks	716	78%	203	22%	789	75%	267	25%
Yukon-Koyukuk	2,448	81%	576	19%	2,678	81%	648	19%
Northern Region	11,697	67%	5,781	33%	11,580	68%	5,500	32%
Kobuk	1,633	83%	331	17%	1,731	84%	328	16%
Nome	2,313	82%	508	18%	2,218	81%	525	19%
North Slope Borough	7,751	61%	4,942	39%	7,631	62%	4,647	38%
Southeast Region	33,408	81%	8,041	19%	34,323	80%	8,808	20%
Haines Borough	605	76%	194	24%	678	75%	226	25%
Juneau Borough	20,190	86%	3,306	14%	20,730	85%	3,723	15%
Ketchikan Gateway Bor	5,010	78%	1,373	22%	5,028	76%	1,561	24%
Prince of Wales-Outer Ketchikan	1,505	72%	591	28%	1,510	67%	731	33%
Sitka Borough	2,731	82%	616	18%	2,839	81%	680	19%
Skagway-Yakutat-Angoon	1,136	67%	548	33%	1,243	61%	790	39%
Wrangell-Petersburg	2,231	61%	1,413	39%	2,295	68%	1,097	32%
Southwest Region	8,486	69%	3,742	31%	8,882	66%	4,516	34%
Aleutian Islands	1,349	41%	1,954	59%	1,343	40%	2,054	60%
Bethel	3,933	81%	901	19%	4,171	81%	981	19%
Bristol Bay Borough	520	73%	193	27%	589	64%	326	36%
Dillingham	1,400	73%	512	27%	1,456	61%	946	39%
Wade Hampton	1,284	88%	182	12%	1,323	86%	209	14%
Geographic Area Unknown	1,107	54%	954	46%	1,178	52%	1,092	48%

Source: Alaska Department of Labor, Research and Analysis Section

Another factor to consider is what impact any resident hire policy might have on the future development of an industry. An effective resident hire policy, must be coupled with sound labor force planning and training policies. Otherwise it might have the effect of limiting the supply of available labor to the employer, which could drive up the cost of labor. Labor costs are an important factor in the development of any industry or project and increased wages may mean the difference between some projects being feasible or unfeasible. To some extent, this is already taking place in Alaska on the North Slope. Labor is hav-

3rd Quarter				4th Quarter				Total 1984			
# Recipients	%	# Nonrecip	%	# Recipients	%	# Nonrecip	%	# Receipients	%	# Nonrecip	%
206,276	70%	90,295	30%	201,045	69%	89,134	31%	229,964	64%	129,253	36%
102,661	71%	41,288	29%	99,896	70%	41,881	30%	114,735	65%	62,119	35%
96,745	71%	39,052	29%	94,087	70%	39,667	30%	108,019	65%	58,859	35%
5,916	73%	2,236	27%	5,809	72%	2,214	28%	6,716	67%	3,260	33%
16,643	62%	10,056	38%	15,990	63%	9,468	37%	18,548	58%	13,168	42%
10,393	67%	5,022	33%	10,089	68%	4,826	32%	11,447	64%	6,449	36%
3,519	53%	3,093	47%	3,378	54%	2,856	46%	4,151	50%	4,162	50%
2,731	58%	1,941	42%	2,523	59%	1,786	41%	2,947	54%	2,557	46%
27,847	71%	11,117	29%	27,479	71%	11,159	29%	31,042	66%	15,923	34%
24,076	71%	9,952	29%	23,902	70%	10,037	30%	26,759	65%	14,296	35%
869	72%	346	28%	839	71%	340	29%	1,014	67%	502	33%
2,902	78%	819	22%	2,718	78%	782	22%	3,269	74%	1,125	26%
11,951	67%	5,926	33%	11,767	68%	5,576	32%	13,839	62%	8,497	38%
1,947	82%	427	18%	1,972	82%	443	18%	2,241	79%	597	21%
2,511	76%	776	24%	2,606	77%	780	23%	3,068	74%	1,076	26%
7,493	61%	4,723	39%	7,189	62%	4,353	38%	8,530	56%	6,824	44%
35,615	75%	11,712	25%	34,696	76%	11,220	24%	38,595	70%	16,842	30%
708	71%	289	29%	677	72%	265	28%	781	67%	392	33%
21,364	83%	4,379	17%	21,069	83%	4,245	17%	22,546	78%	6,376	22%
5,180	73%	1,916	27%	5,010	74%	1,788	26%	5,813	67%	2,806	33%
1,741	63%	1,032	37%	1,611	63%	946	37%	1,885	58%	1,350	42%
2,936	77%	893	23%	2,825	77%	863	23%	3,336	72%	1,270	28%
1,282	53%	1,138	47%	1,171	53%	1,041	47%	1,485	51%	1,427	49%
2,404	54%	2,065	46%	2,333	53%	2,072	47%	2,749	48%	2,921	52%
10,092	55%	8,280	45%	9,673	55%	7,920	45%	11,675	53%	10,465	47%
1,517	31%	3,407	69%	1,401	30%	3,307	70%	1,679	27%	4,472	73%
4,432	78%	1,273	22%	4,378	77%	1,273	23%	5,310	74%	1,861	26%
762	37%	1,291	63%	650	35%	1,216	65%	796	37%	1,382	63%
1,755	46%	2,034	54%	1,663	47%	1,868	53%	2,063	47%	2,366	53%
1,626	86%	275	14%	1,581	86%	256	14%	1,827	83%	384	17%
1,467	43%	1,916	57%	1,544	45%	1,910	55%	1,523	37%	2,539	63%

ing to accept wage concessions to make some projects feasible in the face of declining oil revenues.

One thing is assured about the issue of resident hire in Alaska: it will be an issue policy makers will be forced to wrestle with for the next 15 years just as they have during the last 15 years. There are no immediate answers to the questions raised by this issue about the health of the Alaskan economy. Continued research is being conducted by Research and Analysis which will deal with the limitations that the first cross-match was not

Table 6
1984 U.I. Average Covered Wages by 1984 Permanent Fund Recipients and Nonrecipients, by Economic Region and Census Area

	1st Quarter			2nd Quarter		
	Recipients Av Wages	Nonrecip Av Wages	% of Recip	Recipients Av Wages	Nonrecip Av Wages	% of Recip
Alaska Statewide	5,936	4,477	75%	6,029	4,081	68%
Anchorage-MatSu Region	5,849	3,769	64%	5,968	3,631	61%
Anchorage Borough	5,918	3,807	64%	6,019	3,661	61%
MatSu Borough	4,609	2,910	63%	5,090	3,010	59%
Gulf Coast Region	5,118	3,776	74%	5,264	3,240	62%
Kenai Peninsula Borough	5,551	4,764	86%	5,739	3,743	65%
Kodiak Island Borough	4,399	3,523	80%	4,276	2,893	68%
Valdez-Cordova	4,500	1,975	44%	4,796	2,357	49%
Interior Region	6,012	4,703	78%	6,215	4,220	68%
Fairbanks North Star Borough	6,124	4,678	76%	6,398	4,214	66%
Southeast Fairbanks	3,832	2,196	57%	3,602	1,897	53%
Yukon-Koyukuk	5,627	5,881	105%	5,421	5,244	97%
Northern Region	8,425	10,608	126%	8,128	9,342	115%
Kobuk	4,212	4,746	113%	4,190	4,961	118%
Nome	3,863	3,451	89%	4,066	3,624	89%
North Slope Borough	10,674	11,736	110%	10,203	10,297	101%
Southeast Region	6,072	3,444	57%	6,194	3,573	58%
Haines Borough	4,147	3,522	85%	4,663	4,387	94%
Juneau Borough	7,061	4,298	61%	7,128	4,004	56%
Ketchikan Gateway Borough	5,036	3,528	70%	5,322	3,612	68%
Prince of Wales-Outer Ketchikan	3,709	2,923	79%	4,519	3,369	75%
Sitka Borough	5,091	3,315	65%	4,839	3,117	64%
Skagway-Yakutat-Angoon	3,435	2,824	82%	3,894	3,009	77%
Wrangell-Petersburg	3,923	1,866	48%	4,152	2,711	65%
Southwest Region	3,969	3,163	80%	3,909	2,854	73%
Aleutian Islands	4,625	2,719	59%	5,113	2,928	57%
Bethel	3,764	3,516	93%	3,871	3,295	85%
Bristol Bay Boruugh	4,402	3,597	82%	4,376	2,928	67%
Dillingham	4,234	4,147	98%	3,778	2,351	62%
Wade Hampton	3,446	2,946	85%	2,744	2,216	81%
Geographic Area Unknown	7,271	5,502	76%	7,658	4,586	60%

Source: Alaska Department of Labor, Research and Analysis Section

able to resolve. The findings of that study should be available prior to the opening of the second session of the Fourteenth Legislature in January. The current research being done will not provide all of the answers to the complicated issue of resident hire but it will be a step toward creating a database upon which upon which long term policy can be formulated.

3rd Quarter			4th Quarter			Total 1984		
Recipients Av Wages	Nonrecip Av Wages	% of Recip	Recipients Av Wages	Nonrecip Av Wages	% of Recip	Recipients Av Wages	Nonrecip Av Wages	% of Recip
5,862	4,153	71%	5,984	4,082	68%	20,681	10,021	48%
5,826	3,711	64%	6,052	3,798	63%	20,744	8,852	43%
5,913	3,753	63%	6,129	3,835	63%	21,050	8,968	43%
4,400	2,980	68%	4,815	3,138	65%	15,823	6,758	43%
4,965	3,353	68%	5,237	3,269	62%	17,328	7,888	46%
5,301	3,701	70%	5,777	3,821	66%	18,971	9,289	49%
4,536	3,080	68%	4,153	2,923	70%	14,399	7,155	50%
4,239	2,888	68%	4,532	2,329	51%	15,070	5,550	37%
6,337	4,438	70%	5,937	4,135	70%	21,165	10,559	50%
6,594	4,449	67%	6,088	4,120	68%	21,969	10,531	48%
3,321	2,172	65%	3,854	2,630	68%	11,544	5,175	45%
5,108	5,265	103%	5,258	4,979	95%	17,561	13,326	76%
7,423	8,537	115%	7,971	8,742	110%	27,110	24,955	92%
3,506	4,964	142%	4,002	4,570	114%	12,874	12,299	96%
3,634	4,597	126%	3,841	4,317	112%	12,090	9,842	81%
9,711	9,508	98%	10,556	9,960	94%	36,253	28,445	78%
6,127	3,773	62%	6,073	3,392	56%	21,877	8,548	39%
4,330	4,160	96%	3,908	3,180	81%	14,574	9,489	65%
7,222	4,063	56%	7,116	4,114	58%	26,387	10,097	38%
4,624	3,876	84%	4,819	3,562	74%	17,217	8,652	50%
4,320	3,793	88%	4,105	3,568	87%	14,079	8,504	60%
4,876	3,626	74%	4,910	3,346	68%	16,735	8,100	48%
3,537	3,346	95%	3,685	2,927	79%	11,847	7,553	64%
4,376	3,295	75%	3,941	1,964	50%	13,822	5,644	41%
3,341	3,936	118%	3,836	3,946	103%	11,925	8,463	71%
4,965	4,086	82%	4,996	4,018	80%	16,460	8,618	52%
3,015	3,319	110%	3,541	3,216	91%	11,265	7,909	70%
3,858	4,391	114%	4,409	4,415	100%	13,408	9,179	68%
3,235	3,982	123%	3,846	4,128	107%	11,391	8,519	75%
2,583	2,451	95%	3,380	3,090	91%	9,633	6,418	67%
7,801	5,928	76%	6,434	5,049	78%	25,245	12,312	49%

Alaska

By Edward Eboch

Economic Outlook

The Alaska economy is receiving mixed signals as to the direction of economic activity. Alaska's nonagricultural wage and salary employment increased 3% over the month and was ahead of last years level by 2%. The unemployment rate experienced an uncharacteristic increase in June, however, the current unemployment rate of 9.5% is still below last years rate of 9.8%. There was good news for the Alaskan consumer, as the Anchorage consumer price index declined from March to May suggesting a more competitive market for goods and services in Alaska.

Anchorage Consumer Price Index

	May 1985	March 1985	May 1984	Changes: 2 Months	1 Year
All Urban Consumers	278.8	280.0	275.3	-0.4	1.3
Urban Wage Earners & Clerical Workers	273.1	271.9	265.7	-0.4	2.3

Source: Bureau of Labor Statistics

The month to month gains in nonagricultural wage and salary employment were concentrated in those industries that historically have seasonal gains this time of year-manufacturing, construction and tourism related trade and services. Construction continues at a brisk pace as evidenced by employment in this industry even though down by 5% from last year. The decline in state and local government employment is a result of educational institution layoffs for the summer months. The drop in federal government employment reflects the transfer of the Alaska Railroad to the state.

Economic Indicators

Total housing permits issued during the first five months of 1985 are down 48.6% statewide. This decline appears to be fairly evenly distributed around the state as is indicated from Table I. The decline in total housing starts are beginning to be reflect-

ed in the construction employment numbers. For additional information on economic indicators for Alaska contact the Department of Commerce and Economic Development, Economic Analysis Section.

The Department of Labor, Research and Analysis, Demographic

Table I
Total Housing Units Authorized by Building Permits and Public Contracts
January to May

	1985	1984	Percent Change
Anchorage	1058	2283	-53.7%
Fairbanks	107	233	-54.1%
Juneau	94	207	-54.6%
Statewide	1582	3078	-48.6%

Source: Department of Commerce and Economic Development.

Table II
Population Estimates for Alaska Boroughs and Census Areas

Census Area	Revised July 1, 1983 Estimate	Revised July 1, 1984 Estimate
Aleutian Islands Census Area	8,048	8,255
Anchorage Borough	227,246	243,829
Bethel Census Area	11,240	11,446
Bristol Bay Borough	1,167	1,134
Dillingham Census Area	5,072	5,171
Fairbanks North Star Borough	63,150	64,186
Haines Borough	1,819	1,839
Juneau Borough	23,009	23,729
Kenai Peninsula Borough	35,137	38,285
Ketchikan Gateway Borough	12,584	12,705
Kobuk Census Area	5,484	5,684
Kodiak Island Borough	12,226	12,381
Matanuska-Susitna Borough	24,734	29,836
Nome Census Area	7,581	7,888
North Slope Borough	5,318	5,367
Prince of Wales-Outer Ketchikan C.A.	4,638	4,652
Sitka Borough	7,665	7,611
Skagway-Yakutat Angoon Census Area	3,791	3,716
Southeast Fairbanks Census Area	6,237	6,275
Valdez-Cordova Census Area	8,774	8,730
Wade Hampton Census Area	5,203	5,185
Wrangell-Petersburg Census Area	6,660	6,625
Yukon-Koyukuk Census Area	8,507	8,519
State Total	495,290	523,048

Source: Alaska Dept. of Labor, Research & Analysis, Demographic Unit, 1985.

Unit has released its population estimates for Alaska Boroughs and Census Areas (Table II). These numbers may not agree with other sources of population data but are estimated according to approved U.S. Census procedures.

Nonagricultural Wage and Salary Employment
By Place of Work
Alaska

				Changes From:	
	P/ 6/85	R/ 5/85	6/84	5/85	6/84
Nonag. Wage & Salary	238200	231300	233500	6900	4700
Mining	9500	9400	8900	100	600
Construction	21700	18800	22800	2900	-1100
Manufacturing	14100	12100	13800	2000	300
Food & Kindred Prod.	8000	6200	7700	1800	300
Lumber & Paper Prod.	2800	2600	2800	200	0
All Other Mfg.	3300	3300	3300	0	0
Trans. Comm. & Utilities	20300	18900	19900	1400	400
Trucking & Whseing.	2400	2100	2600	300	-200
Water Transportation	1500	1300	1400	200	100
Air Transportation	6800	6300	6400	500	400
Other Trans. Comm. & Utilities	9600	9200	9500	400	100
Trade	46800	45400	46400	1400	400
Wholesale	9100	8900	9000	200	100
Retail	37700	36500	37400	1200	300
Gen. Mer. & Apparel	5200	5000	5200	200	0
Food Stores	6300	6200	6100	100	200
Eating & Drinking Pl.	14000	13400	13600	600	400
Other Retail Trade	12200	11900	12500	300	-300
Finance-Ins. & R.E.	13500	13100	12800	400	700
Services & Misc.	45500	44300	44400	1200	1100
Government	66800	69300	64500	-2500	2300
Federal	17800	17700	18900	100	-1100
State	19600	19800	18800	-200	800
Local	29400	31800	26800	-2400	2600

Prepared in cooperation with the U.S. Department of Labor Statistics.

Government includes teachers in primary and secondary schools, and personnel employed by the University of Alaska.

Benchmark Date March 1984.

P/ Denotes Preliminary Estimates
R/ Denotes Revised Estimates

Labor Force By Region and Census Area

	Labor Force			Unemployment			Rate			Employment		
	P/ 6/85	R/ 5/85	6/84	P/ 6/85	R/ 5/85	6/84	P/ 6/85	R/ 5/85	6/84	P/ 6/85	R/ 5/85	6/84
Alaska Statewide	260658	255716	253984	24702	23522	24820	9.5	9.2	9.8	235956	232194	229164
Anch-MatSu Region	139486	137239	133246	11624	11017	10490	8.3	8.0	7.9	127862	126222	122756
Anchorage Borough	124697	122578	119442	9423	8782	8771	7.6	7.2	7.3	115274	113796	110671
MatSu Borough	14789	14661	13804	2201	2235	1719	14.9	15.2	12.5	12588	12426	12085
Gulf Coast Region	28269	27666	28040	2842	3210	3251	10.1	11.6	11.6	25427	24456	24789
Kenai Peninsula Bor	17619	17247	17517	2102	2323	2390	11.9	13.5	13.6	15517	14924	15127
Kodiak Island Bor	6474	6343	6288	468	566	432	7.2	8.9	6.9	6006	5777	5856
Valdez-Cordova	4176	4076	4235	272	321	429	6.5	7.9	10.1	3904	3755	3806
Interior Region	38562	37689	38288	4740	4811	4626	12.3	12.8	12.1	33822	32878	33662
Fairbanks North Star Borough	31294	30603	31048	3968	4040	3852	12.7	13.2	12.4	27326	26563	27196
Southeast Fairbanks	2990	2943	3014	238	268	275	8.0	9.1	9.1	2752	2675	2739
Yukon-Koyukuk	4278	4143	4226	534	503	499	12.5	12.1	11.8	3744	3640	3727
Northern Region	8844	8631	8433	1325	751	1274	15.0	8.7	15.1	7519	7880	7159
Kobuk	2785	2713	2756	426	240	510	15.3	8.8	18.5	2359	2473	2246
Nome	3704	3645	3560	556	347	563	15.0	9.5	15.8	3148	3298	2997
North Slope Borough	2355	2273	2117	343	164	201	14.6	7.2	9.5	2012	2109	1916
Southeast Region	34053	33060	34473	3153	2956	3962	9.3	8.9	11.5	30900	30104	30511
Haines Borough	1057	1060	1083	84	112	122	7.9	10.6	11.3	973	948	961
Juneau Borough	13197	12687	13070	1237	1034	1260	9.4	8.2	9.6	11960	11653	11810
Ketchikan Gateway Borough	7196	7003	7389	642	618	918	8.9	8.8	12.4	6554	6385	6471
Prince of Wales-Outer Ketchikan	2473	2469	2606	246	300	407	9.9	12.2	15.6	2227	2169	2199
Sitka Borough	4262	4119	4286	316	275	390	7.4	6.7	9.1	3946	3844	3896
Skagway-Yakutat-Angoon	2084	2051	2095	238	252	272	11.4	12.3	13.0	1846	1799	1823
Wrangell-Petersburg	3784	3671	3944	390	365	593	10.3	9.9	15.0	3394	3306	3351
Southwest Region	11444	11431	11504	1018	777	1217	8.9	6.8	10.6	10426	10654	10287
Aleutian Islands	2707	2734	2746	94	64	168	3.5	2.3	6.1	2613	2670	2578
Bethel	4548	4472	4636	520	356	662	11.4	8.0	14.3	4028	4116	3974
Bristol Bay Borough	435	444	437	25	25	33	5.7	5.6	7.6	410	419	404
Dillingham	1854	1910	1840	126	144	135	6.8	7.5	7.3	1728	1766	1705
Wade Hampton	1900	1871	1845	253	188	219	13.3	10.0	11.9	1647	1683	1626

P/ Preliminary R/ Revised 1984 Benchmark

Federal guidelines require the use of unrounded labor force data, adjusted to be consistent with the Current Population Survey (CPS) in formulas used to allocate federal funds. Comparisons between different time periods are not as meaningful as other time series published by the Alaska Department of Labor, because Alaska's CPS sample size is inadequate to accurately indicate monthly changes in level. The sampling errors are random in nature, meaning that the unemployment rates, in any given month, are as likely to be high as frequently as they are low. The official definitions of unemployment, currently in place, exclude anyone who has made no attempt to find work in the four week period up to and including the week that includes the twelfth of each month. Most economists feel that Alaska's bush localities have proportionately more of these discouraged workers.

Anchorage/MatSu

By Greg Huff

Palmer Employment 1980-1984

Each month nonagricultural wage and salary employment statistics are published for the Anchorage/MatSu region, but not for smaller geographic areas within the region. The conversion of the Department of Labor ES-202 data to the 1980 census areas has made it possible to view employment in much finer detail for the region. The Wasilla area was examined last month. This month the Palmer area, which encompasses the city of Palmer, Bodenberg Butte, Sutton, Eska and Chickaloon will be analyzed. In view of this analysis several forces have been identified that have contributed to the development of Palmer.

Palmer began with the establishment of the Matanuska farm colony during the Depression and soon became the primary regional center for the MatSu valley. Palmer was the area's original first class city with a full spectrum of municipal services. Palmer's economic base was farming but eventually government became more important, although farming remains a significant part of the community. Today Palmer is the seat of the Matanuska-Susitna Borough government, base for the MatSu Borough School District and home for field offices of the state and federal governments.

The flood of Anchorage workers causing the most recent economic change to the MatSu valley did not impact Palmer to the same degree Wasilla was affected. The population expansion was less sensational in Palmer hence the economic expansion there was slower. Palmer's employment growth rate was still among the fastest in the state, third behind Wasilla (25%) and Soldotna (87%). The city of Palmer's population increased from 2,141 to 2,792 during the period 1980 to 1984, a 30% gain, while Wasilla's total population passed Palmer's with 125% growth during the same period. Even though Wasilla's total population is greater, a higher proportion of Palmer residents live and work in Palmer. This is because Wasilla residents are more likely to commute to Anchorage.

Palmer's total employment grew twice as fast as population

growth—increasing 66% from 1980 to 1984. During this period employment in Palmer decreased from 72% of total MatSu employment to 59% while Wasilla increased from 18% of total MatSu employment to 32%. In the years ahead, Wasilla is likely to continue to grow faster than Palmer, but its economy will be based on serving the commuter population with goods and services rather than serving local Borough residents with governmental and utility needs. Palmer will remain the governmental center and base for the utilities in the Borough.

During the expansion of the last few years, entrepreneurs took advantage of the positive economic environment and started new businesses and expanded existing businesses. The number of firms in Palmer increased from 222 to 320 and employees per firm grew from 11.1 to 12.9. Along with employment increases came wage and salary increases. Total annual wage and salary earned by Palmer workers increased from $50.2 million to $109.6 million and average monthly earnings rose from $1,702 to 2,732: a 9.9% compound annual growth rate which is almost twice the rate of inflation.

Palmer is the regional 'capital' for the borough containing the MatSu Borough government and school district headquarters,

Palmer Employment
1980-1984

	1980
Total Employment	2259
Mining	12
Construction	80
Manufacturing	38
Transportation	259
Total Trade	466
Wholesale Trade	27
Retail Trade	439
FIRE	104
Services	261
Government	1039
Federal	78
State	400
Local*	560
Number of Firms	222

* Palmer local employment adjusted to reflect local government

and borough based federal and state offices which provide stable jobs. In 1984 government represented 38% of total wage and salary jobs in Palmer. This share, however, is down from 46% in 1980 as Palmer's economy has diversified away from government. New jobs have been gained in the transportation, communications and utilities, services, and construction industries. The construction industry was a major benefactor of population increases and state sponsored capital projects such as schools, community centers, fire houses, and roads. Local construction employment grew from 80 jobs in 1980 to 300 jobs in 1984 making construction the fastest growing industry in the Palmer area. Because of the difference in population growth between Wasilla and Palmer, construction employment in Wasilla grew twice as fast as in Palmer. The need for additional housing, retail and office space was much greater in Wasilla. (Note: This includes Palmer based construction firms only. Anchorage based construction firms doing work in the Palmer area will most likely be counted in Anchorage.)

Next to government, trade is the largest sector of the Palmer economy representing 21% of employment. Employment in trade grew 69% in Palmer from 1980 to 1984. Because Palmer is the headquarters for the MatSu valley's utility and communi-

1981	1982	1983	1984	Percent Change
2400	2758	3178	3748	66%
59	81	8	0	-100%
99	226	260	300	275%
86	49	41	55	45%
280	311	452	517	99%
419	502	629	787	69%
25	31	34	57	113%
394	471	595	730	66%
98	133	137	164	57%
277	304	386	517	119%
1084	1154	1266	1408	36%
61	60	67	57	-27%
456	540	591	646	61%
567	555	608	705	26%
210	244	284	320	44%

employment allocated to Wasilla.

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage

	P/ 6/85	R/ 5/85	6/84	Changes From: 5/85	6/84
Nonag. Wage & Salary	117550	115150	114050	2400	3500
Mining	4100	4200	3900	-100	200
Construction	11050	9800	11350	1250	-300
Manufacturing	3150	2700	2950	450	200
Food & Kindred Prod.	900	500	850	400	50
Other Mfg.	2250	2200	2100	50	150
Trans. Comm. & Utilities	9700	9250	9700	450	0
Trucking & Whseing.	1250	1150	1450	100	-200
Water Transportation	350	400	350	-50	0
Air Transportation	3900	3700	3950	200	-50
Other Trans. Comm. & Utilities	4200	4000	3950	200	250
Trade	28300	27600	27300	700	1000
Wholesale	6800	6750	6650	50	150
Retail	21500	20850	20650	650	850
General Merchandise	1500	1500	1600	0	-100
Food Stores	3150	3100	3000	50	150
Eating & Drinking Pl.	8500	8050	8100	450	400
Other Retail Trade	8350	8200	7950	150	400
Finance-Ins. & R.E.	9050	9100	8800	50	350
Services & Misc.	26550	26400	25400	150	1150
Government	25550	26100	24650	-550	900
Federal	9900	9700	10300	200	-400
State	6850	6900	6200	-50	650
Local	8800	9500	8150	700	650

Nonagricultural Wage and Salary Employment
By Place of Work
Anchorage-MatSu

	P/ 6/85	R/ 5/85	6/84	Changes From: 5/85	6/84
Nonag. Wage & Salary	125750	123100	120900	2650	4850
Mining	4150	4250	3900	-100	250
Construction	12050	10650	12550	1400	-500
Manufacturing	3400	2900	3150	500	250
Trans. Comm. & Utilities	10450	9950	10350	500	100
Trade	30050	29300	29000	750	1050
Finance-Ins. & R.E.	9650	9600	8850	50	800
Services & Misc.	28150	27950	26400	200	1750
Government	27850	28500	26700	-650	1150

cations companies the proportion of jobs in this industry is high in comparison to Wasilla. In 1984, 14% of all wage and salary jobs in Palmer were based in this industry expanding from 11% in 1980. Employment in this industry increased by 99% during the period making it among the fastest growing industries in the community. The second fastest growing industry behind construction was services. Employment in services grew 119% from 1980 to 1984. The addition to the Valley Hospital was a major force in the creating new jobs in the early part of the period while business and personal services came on strong in 1983 and 1984.

Anchorage Current Trends

Seasonal hiring in Anchorage for June was in full swing in the construction, seafood processing, transportation, communications and utilities, and trade industries while normal lay-offs occurred at local and state educational facilities for summer break. Over all, Anchorage employment increased by 2,400 from May to June, to 117,550.

Construction was, as normal, the primary seasonal employment gainer for June, increasing by 1,200 jobs (11%). On the other hand, construction employment registered a small decline from year-ago levels. All indicators show that construction employment will remain below 1984 levels and gradually slide further as the backlog of many commercial and public building projects are completed. Road construction is the highlight of this construction season with employment up over 12% above last seasons levels. Numerous projects have geared up this year with Dimond street and A/C couplet being the largest. Residential construction employment is down 31%, reflecting the 53% decline in building permits. Many residential contractors have shifted to small commercial building and remodel projects. Nonresidential construction remains close to year-earlier levels; although the dollar valuations for permits are down, the backlog of projects continues to retain similar employment levels. The federal and state government employment numbers continue to reflect the transfer of the Alaska Railroad to state ownership from federal ownership.

Fairbanks/Interior

By Neal Fried

Nineteen Eighty-Five Capital Projects

Beginning in 1980, capital project dollars became a major impetus to the economic boom that Fairbanks and surrounding communities have experienced since 1980-1981. In spite of falling oil revenues and a smaller capital projects appropriations this year, this source of funds remains a major contribution to construction activities. Though not all moneys appropriated through the capital projects bill is for construction, more than 90% will go to this purpose.

Before going into more detail, 1985's budget should be discussed because it presented some unique problems. In past years it was usually not difficult to allocate capital project dollars geographically and this year the Capital Projects bill (Senate bill 27) is reasonably straight forward. However, another bill, the reappropriation bill makes the allocation process more difficult. This bill is a result of different departments in state government identifying unspent capital project funds. In the process a large amount of money was found and reallocated, in some cases to new capital projects. These monies will not be included in the numbers discussed below because they had already been allocated in past years capital projects figures. Without researching each allocation (there are hundreds) it is difficult to ascertain whether the money has already been spent or where it originally came from. In most cases if the original allocation was for Fairbanks, it was reallocated to a Fairbanks project.

This years capital project funds were affected by smaller oil revenues, though not as much as many people believe. Capital project funds came in higher than 1980 and 1982 levels for Fairbanks and higher than 1982's level in rural Interior. This year's available funds for capital projects were $864 million compared to $946 million last year. This year's dollar amount was approximately $71 million for Fairbanks and $31 million for rural Interior, a decline from last year's record of $112 million for Fairbanks and $83 million for the Interior. Ninety eighty-five's capital project funding is below Fairbanks' average for the past five years of $87 million and below Interior's five year average

Nonagricultural Wage and Salary Employment
By Place of Work
Fairbanks

	P/ 6/85	R/ 5/85	6/84	Changes From: 5/85	6/84
Nonag. Wage & Salary	29500	28350	29000	1150	500
Mining	200	150	200	50	0
Construction	3350	2950	3450	400	-100
Manufacturing	600	550	550	50	50
Trans. Comm. & Utilities	2900	2750	2950	150	-50
Trucking & Whseing.	550	500	500	50	50
Air Transportation	800	750	800	50	0
Other Trans. Comm. & Utilities	1550	1500	1650	50	-100
Trade	6400	6150	6300	250	100
Wholesale	1100	1050	1100	50	0
Retail	5300	5100	5200	200	100
Gen. Mer. & Apparel	600	550	550	50	50
Food Stores	800	800	850	0	-50
Other Retail Trade	3900	3750	3800	150	100
Finance-Ins. & R.E.	1000	950	1000	50	0
Services & Misc.	5800	5450	5600	350	200
Government	9250	9400	8950	-150	300
Federal	2900	2800	2900	100	0
State	3800	3750	3550	50	250
Local	2550	2850	2500	-300	50

Nonagricultural Wage and Salary Employment
By Place of Work
Interior

	P/ 6/85	R/ 5/85	6/84	Changes From: 5/85	6/84
Nonag. Wage & Salary	33800	32550	33800	1250	0
Mining	350	250	300	100	50
Construction	3400	3000	3600	400	-200
Manufacturing	650	600	600	50	50
Trans. Comm. & Utilities	3600	3450	3750	150	-150
Trade	6850	6550	6750	300	100
Finance-Ins. & R.E.	1050	1000	1050	50	0
Services & Misc.	6200	5800	6000	400	200
Government	11700	11900	11750	-200	-50

of $55 million. In the long run this smaller amount will contribute to an already weakening construction industry, particularly if smaller budgets become a trend.

In light of declining oil revenues this trend is a more than likely scenario. This is not to say the outlook is bleak, as this year's budget remains above historical levels and it does not represent a dramatic decline from the near past. It simply will not provide any impetus for further growth in the construction industry. The list of projects is long and varied. The projects run in size from $2,500 to $19 million, with 14 projects in excess of one million dollars. Included in this list of projects is $19 million for the Geist Road extension in Fairbanks, four million dollars for the Stevens Village school completion, $30,000 for a dump truck for Dot Lake and $60,000 for the Rosie Creek Fire research project.

Current Trends

Fairbanks' June labor force figures did not follow the statewide trend. June's unemployment rate of 12.7% represents a slight decline from May but did come in slightly higher than the June 1984 rate of 12.4%. The new rate does represent a highly competitive labor market, and this condition is expected to persist in the near future.

On a more optimistic note, the nonagricultural wage and salary employment series moved up again in June. Though the growth rate is slowing, and certain industries such as construction are showing some weakness, most industries remain on the plus side. Manufacturing, trade, services and government all experienced gains. On balance there were 500 more jobs in Fairbanks during June compared to year-ago levels.

Gulf Coast

By Neal Fried

Nineteen Eighty-five Capital Projects

Since 1981, a record has been kept on capital projects dollars for the far-flung region of the Gulf Coast, an area covering the entire Kenai Peninsula, Kodiak Island, the Copper River region and Prince William Sound. This was done because the capital budget has become very important to the economies of most of the communities in the region.

For those communities where there are very small commercial and residential construction sectors, public construction dominates the construction industry. In 1980, when the large capital budgets began, these dollars along with other state revenues pushed many communities' economies into a growth mode. Even with a smaller capital budget this year, capital expenditures remain one of the largest sources of construction dollars in many areas of the region.

The capital budget did fall this year, but not quite as dramatically as was first reported. This year's funds made available for capital projects was $864 million compared with $946 million last year. Project funds for 1985 present some unique problems. In past years it has not usually been difficult to allocate the capital project dollars geographically and this year the capital projects bill (Senate Bill 27) is also reasonably straightforward. However, another bill, the reappropriation bill, makes the allocation process more difficult. This bill is a result of different departments in state government identifying unspent capital projects funds. In the process a large amount of money was found unspent and these funds were reallocated, in many cases to new capital projects. These monies will not be included in the numbers discussed below because they have already been allocated in past years capital projects figures. Without researching each allocation (there are hundreds), it is difficult to ascertain whether or not the monies for an area has already been spent or where it originally came from. In most cases, if the original allocation was for an area within a region, it was reallocated to the same region.

Nineteen Eighty-five's capital allocation for the region is the

Nonagricultural Wage and Salary Employment
By Place of Work
Gulf Coast

				Changes From:	
	P/ 6/85	R/ 5/85	6/84	5/85	6/84
Nonag. Wage and Salary	22250	21300	21600	950	650
Mining	850	800	800	50	50
Construction	2150	1850	2100	300	50
Manufacturing	4000	3550	4000	450	0
Food & Kindred Prod.	3300	2850	3300	450	0
All Other Mfg.	700	700	700	0	0
Trans. Comm. & Utilities	2150	2100	2150	50	0
Trade	3900	3650	3650	250	250
Wholesale	600	550	600	50	0
Retail	3300	3100	3050	200	250
Finance-Ins. & R.E.	700	650	650	50	50
Services & Misc.	3400	3300	3200	100	200
Government	5100	5400	5050	-300	50
Federal	550	500	600	50	-50
State	1500	1500	1550	0	-50
Local	3050	3400	2900	-350	150

lowest since 1981. This year's dollar amount was approximately $74 million compared to $120 million last year. The $50 million allocated to Bradley Lake is not included (it was also excluded from 1984's figure) because it is earmarked for a project in the distant future. These lower dollar amounts will affect construction, particularly if it portends a more permanent trend toward leaner capital budgets. Construction employment has already peaked in the region and public construction will be lower this year. In spite of the falling revenue picture, construction will by no means collapse. The $74 million will be supplemented to an extent by the reappropriation bill and through some creative financing by the City of Seward.

The state did not make an appropriation this year for the construction of the planned prison in Seward. The city of Seward, however, did not let this stop them. They will raise the balance of the money needed to build the prison ($22 million was allocated in past years capital budgets) and will lease the prison to the state. The total cost of the prison will be approximately $52 million. Construction is planned to begin this fall. Although the public sector's capital expenditures have yet to fall dramatically, the future picture of this revenue source does not look bright. Falling oil prices will directly affect the availability of capital funds, which in turn will pull construction employment

levels further downward. Construction will not be the only loser as most other industries will also be affected.

Current Trends

The fishing season is upon the region and all the indicators are reacting. The region's unemployment rate bucked the statewide trend and dropped 1.5 percentage points, coming in at 10.1%. Fish processing employment got into full swing in June, and thus far the salmon season has been good. The 450 cannery workers hired in June were a major factor influencing the unemployment rate.

Though fish processing was the largest contributor to employment in June, all other industries also saw an increase in employment with exception of government. Tourism and construction are both getting into full swing, affecting most other industries. Government employment fell because schools and community colleges pared their staffs for the summer season.

Southeast Alaska

By John Boucher

Petersburg Employment 1980-1984

Employment data for the community of Petersburg has not been available prior to the conversion of the Department of Labor's ES-202 data to the 1980 census areas. Previously, employment trends in Petersburg had to be gleaned by examining the data for the Wrangell-Petersburg census area, which of course also included the nearby community of Wrangell. For the first time we can examine employment trends just for the Petersburg area.

The community of Petersburg is located on the north end of Mitkof Island where Wrangell Narrows meets Frederick Sound. The area that this employment data represents includes Petersburg as well as the remainder of Mitkof Island, Vank Island, Scow Bay and West Petersburg (Kupreanof).

The Petersburg economy has traditionally been based upon the harvesting and processing of the area's renewable resources: fish and timber. Of these two, the fisheries industry plays the larger part in the local economy. In recent years Petersburg has been consistently ranked in the top 25 fishing ports in the nation, in terms of both volume and value harvested. The largest employer in the local area therefore is the manufacturing industry with the bulk of employment in the seafood processing industry. One point to remember when considering the total impact of the seafood industry on the Petersburg economy is that seafood harvesting employment is not included in these numbers. Fish harvesters are counted among the self-employed. This is significant when you consider that Petersburg is home port to one of Southeast Alaska's largest commercial fishing fleets.

Petersburg's second largest wage and salary employer is government, which provides stability that the manufacturing industry cannot. The local government is the largest employer of the three when employment by Petersburg City Schools is included. The next largest is federal government employment, which is fairly high for the size of the community largely because the U.S. Forest Service has its regional headquarters here for the Stikine portion of the Tongass National Forest. State

government employment makes a small contribution, some of which is accounted for by the ferry system and by resource management personnel like the Department of Fish and Game.

Retail trade employment makes a solid contribution to the Petersburg economy, the largest contributions are in eating and drinking establishments, general merchandise stores and food stores. Construction employment though has been the fastest growing industry since 1980, growing 74% in the four year period. Much of the construction growth is attributable to state government funded capital projects the past several years such as the Petersburg Hospital.

One interesting thing to note is that manufacturing employment, in particular seafood processing, is playing a less dominant role in the Petersburg economy. An interesting sidelight to this is that Petersburg's average wage during this period increased by almost 48%, and these two occurrences are not unrelated. Seafood processing wages tend to be concentrated in the third quarter of the year when the salmon season is at its peak. The high employment numbers of several years ago were due in large part to the amount of fairly low paying employment that accompanies this third quarter activity. This average wage growth has been augmented by the increased construction activity in Petersburg because construction is consistently among the highest average wages paid.

During the last few years the Petersburg economy has become less dependent upon its traditional industries of seafood processing and timber, thanks in part to large state capital budgets. This trend will probably not continue because of the state's inability to invest as much revenue into capital construction as it has in the past. The next few years will be crucial ones for the community as it tries to find new sources of employment for the areas residents. Petersburg has been fairly immune to the boom-bust cycles that characterize other Southeastern cities because of its strong seafood industries employment base. This industry will probably resume its prominence in the local economy again as the state is less able to fund capital construction projects.

Petersburg Employment
1980-1984

Industry	1980 Average	1982 Average	1984 Average
Unknown	0	*	*
Agriculture	39	31	26
Mining	0	0	0
Construction	96	143	167
Manufacturing	*	532	*
Trans. Comm. & Utilities	56	81	67
Wholesale Trade	*	*	*
Retail Trade	167	198	209
Finance-Ins. & R.E.	*	28	31
Services	102	104	125
Government	420	422	408
Federal	173	161	129
State	69	91	100
Local	178	170	179
Total	1862	1473	1407
Average Wage	$1,391	$1,843	$2,020

* Nondisclosable

Employment and Unemployment in June

Southeast Alaska wage and salary employment increased by 950 jobs in the month of June to a total of 31,200. The increase represented a 3.1% increase in the number of jobs over May's total. Manufacturing and trade employment were the industries which experienced the largest job gains over the month. Manufacturing employment gains were equally divided between the lumber and paper products industry and the seafood processing industry, while the trade employment gains were registered almost entirely in the retail sector.

Government related employment was the only industry in the region to experience a decline in the number of jobs over the month, and this was due to the end of the school year and the end of the legislative session. Unemployment also increased slightly during the month, going from 8.9% to 9.3% for the Southeast region. The increase can be accounted for almost entirely in the Juneau census division, which had an increased number of government employees claiming unemployment benefits for the first time in June.

Nonagricultural Wage and Salary Employment
By Place of Work
Southeast Alaska

	P/ 6/85	R/ 5/85	6/84	Changes From: 5/85	6/84
Nonag. Wage & Salary	31200	30250	30700	950	500
Construction	1750	1600	2050	150	-300
Manufacturing	3750	3450	3700	300	50
Food & Kindred Prod.	1150	1000	1100	150	50
Lumber & Paper Prod.	2350	2200	2350	150	0
All Other Mfg.	250	250	250	0	0
Trans. Comm. & Utilities	2250	2100	2100	150	150
Trade	5150	4850	5100	300	50
Wholesale	400	400	400	0	0
Retail	4750	4450	4700	300	50
Finance-Ins. & R.E.	1150	1050	1100	100	50
Mining, Services & Misc.	5050	4750	4900	300	150
Government	12100	12450	11750	-350	350
Federal	2200	2100	2200	100	0
State	5550	5650	5600	-100	-50
Local	4350	4700	3950	-350	400

Hours and Earnings

By Kathy Thomas

Alaska's Timber Industry

Southeast Alaska's timber industry has experienced difficulties in the past few years. Reasons abound for the problems. In compliance with the Alaska Native Interest Lands Conservation Act, the U.S. Department of Agriculture's, Forest Service prepares a report on timber supply and demand for Southeast Alaska. In this report the Forest Service looks at various aspects of wood products supply and demand and the viability of the industry in Southeast Alaska. These impacts on supply and demand and their effects on wages in the timber industry will be examined. (Data relating to the forest products industry are from the Forest Service publication. Data relating to employment and wages are from the Department of Labor, Research and Analysis.)

Alaska's timber industry is heavily dependent on Japan and other Pacific Rim countries since almost all of Alaska's timber is exported. The timber situation as it currently exists between Alaska and Japan involves Japan importing 8% of its logs, lumber, and wood chips from Alaska, but Alaska exporting almost all of its wood products output to Japan. More than 90% of log and timber exports from Alaska went to Japan.

Three elements have been affecting Japan's demand for Alaska forest products: housing starts in Japan, competitive suppliers, and the exchange rate. In the first instance of Japanese housing starts, construction of housing has leveled off after a decline of 21% from 1980 to 1984. Also total floor space of wood based housing starts has declined 23% since 1980. Such a precipitous drop of wood use in a country that imports most of Alaska's timber would affect the amount demanded from Alaska.

The exchange rate and competitive suppliers are closely interrelated particularly when the competitor is outside the U.S. When the exchange rate makes one country's product too expensive the importing country will look to another country for more favorable prices. Most recently the U.S. dollar has been strong compared to the yen and was also strong against the

Canadian dollar. The highly valued dollar against the Canadian dollar and Japanese yen results in higher prices for U.S. products overseas compared to Canadian products. Therefore British Columbia exports are more favored.

Alaska's other major competitor for Japanese trade is the Pacific Northwest. Because of Alaska's small volume of wood products compared to the Pacific Northwest it has been viewed as the exporter of last resort. As long as Pacific Northwest suppliers have excess capacity the Japanese will continue buying from them. When excess capacity no longer exists Japanese and other buyers start looking to Alaska for forest products.

The result of all these factors trends is to reduce demand for Alaska timber and decrease employment in the Southeast Alaska timber industry. Annual average employment in 1981 was 2420. By 1984 that figure declined to 1920, a 21% drop. The decreases in employment have been accelerating. The change from 1981 to 1982 was 5%, from 1982 to 1983, 7%, from 1983 to 1984, 10%, the percentage change getting larger as the years progress.

The drops in employment have been accompanied by stagnated average monthly wages in the timber harvesting industry. The percentage increase in nominal wages from 1981 to 1984 was 2.5%. When wages are adjusted for the inflation rate, they declined 8% from 1981 to 1984. As more people become unemployed in the timber industry, wages will be bid down as those unemployed try to get back to work, particularly in smaller towns where employment options are limited. As long as the timber industry remains depressed, the most probable outlook would be for continued lower wages in an attempt by the industry to lower operating costs and a willingness of workers to accept a cut in pay to remain working or to return to work.

Footnote: Additional information on Southeast timber supply and demand can be found in *Timber Supply and Demand,* ANILCA, Section 706(a), Report Number 4, prepared by Joseph R. Mehrkens, U.S.D.A., Forest Service, Alaska Region.

Employment and Payroll in the Southeast Alaska Wood Products Industry

Year	Total Employment	Annual Average Employment	Total Payroll	Average Monthly Wages (Nominal)	Average Monthly Wages (Real)*
1981	29038	2420	86,884,549	$2992.10	$2992.10
1982	27696	2308	84,140,588	3038.01	2876.90
1983	25679	2140	79,853,335	3109.67	2895.41
1984	23039	1920	70,674,431	3067.60	2743.83

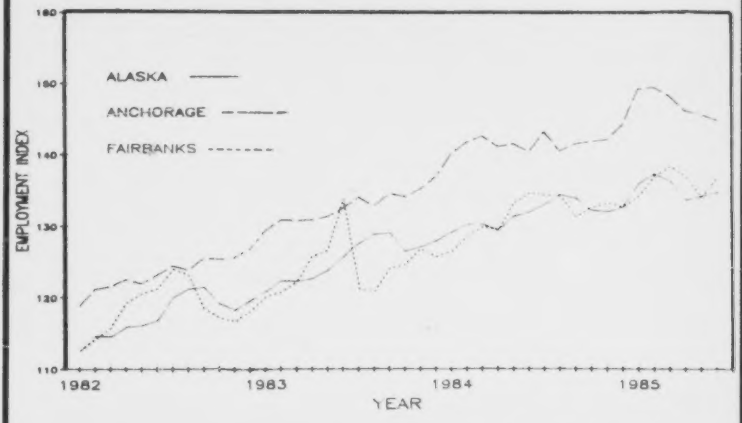
* In 1981 dollars

Current Events

Average weekly hours in mining turned upward as activity in these industries surged. The late ice and snow delayed the beginning of the usual summer upturn but once the weather changed the business moved quickly to take advantage of the milder weather. June average weekly hours increased 5.8% in mining and 3.6% in construction from May levels.

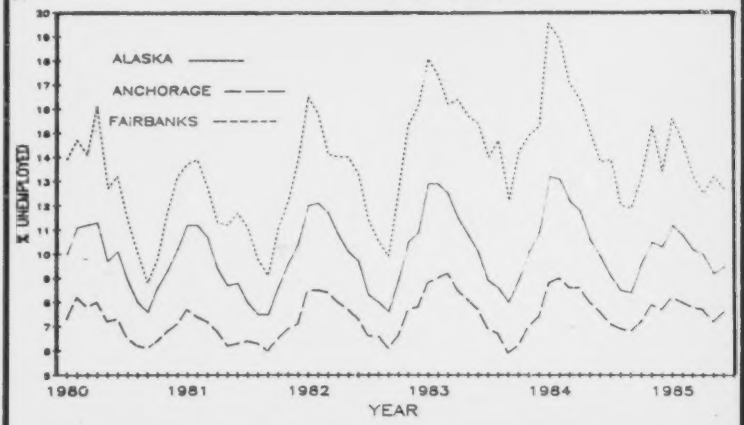
Manufacturing was struck by the anomaly of lower average hourly earnings combined with lower average weekly hours. Because the nature of the survey, which requires that employment, payroll, and hours be reported for the pay period that includes the twelfth of the month, employment occurring outside of that pay period would be missed. A halibut season was open from May 27 through May 29 for almost all of the Alaska coast. Employees were hired to handle this influx of fish but by the beginning of June the employees were still on record but the hours worked had dropped.

Composite Nonag. Employment Indexes Seasonally Adjusted 1982 to June



source: Ak. Dept. of Labor

Unemployment Rates Not Seasonally Adjusted 1980 to Present



source: AK. Dept. of Labor